

**COMMISSIONERS**  
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**ARIZONA CORPORATION COMMISSION**

Brian C. McNeil  
Executive Secretary  
Direct Line: (602) 542-4143  
Fax: (602) 542-0765  
E-mail [kmayes@cc.state.az.us](mailto:kmayes@cc.state.az.us)

September 14, 2004

Chairman Marc Spitzer  
Commissioner William Mundell  
Commissioner Mike Gleason  
Commissioner Jeff Hatch-Miller  
Parties of Record

Re: Request for the Ernst and Young Report and IRR Projections; In the Matter of the Reorganization of UniSource Energy Corporation; Docket No. E-04230-03-0933

Dear Colleagues and Parties:

I write to reiterate my request to view the 2004 rate review portions of the Ernst and Young Report and the rates of return projections ("IRR Projections") conducted by the Applicants in preparation for their proposed merger.

In his September 8, 2004 letter responding to Commissioner Mundell's August 18 letter, Mr. Heyman reported the results of a recent conference call between the Parties, including Staff, RUCO, AUIA, Mohave County and Mr. Robertson. In addition to citing little progress toward releasing these documents, Mr. Heyman states, "Some Participants believe the E&Y Report is not relevant to this proceeding (and others hold the opposite view). However, no Participant took the position that the Commission could not decide this case without the E&Y Report."

I appreciate the effort to poll the Parties about the relevance of this information. However, the views expressed by the participants in the conference call do not represent this Commissioner's opinion as to the value of the IRR and Ernst and Young reports. Even if Ernst and Young holds firm to its position that its report is proprietary, I believe that the individual IRR reports – which were conducted by the Applicants separately – can and should be made part of the record.

I concur with Commissioner Mundell that the failure to make these documents available for consideration by the Commission may impede my ability to come to a decision in this matter. Accordingly, please clarify whether you intend to permit the Commissioners to view either the Ernst and Young report or the individual IRR reports. If your answer is no, then I intend to ask the ALJ to hold a procedural conference to address the issue of

ACC Commissioners, et al  
September 14, 2004  
Page two

confidentiality, including whether the documents should be provided under seal for an in camera evaluation.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Kris Mayes", written in a cursive style.

Kris Mayes  
Commissioner

Cc: Brian McNeil  
Ernest Johnson  
Chris Kempley  
Lyn Farmer